

## **REIT Growth and Income Monitor**

### **Weekly Comments 12/27/2011**

**Pre-Christmas rally restored REITs to higher prices, while maintaining positive performance gap for 2011 at 5% in favor of REITs.**

**Tenants of Health Care REITs face 4 significant issues impacting revenues and demand during 2012.**

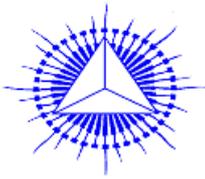
**Senior Housing Properties Trust's acquisitions of medical office properties now contribute more than 30% of NOI.**

**Healthcare Realty Trust's portfolio is almost 100% concentrated in medical office properties where Medicare reimbursement reductions may severely impact certain tenants.**

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### Weekly REIT Comments 12/27/2011

REIT stocks enjoyed a rapid rebound throughout the pre-Christmas rally during the third week of December, ended December 23, 2011. REITs included in the S&P 500 Index traded up 6% on average for 2011, exceeding performance of the S&P 500 Index, now up 1%. Positive performance gap was maintained at 5% in favor of REITs. Average decline for all REITs followed by REIT Growth and Income Monitor is now back to (4%) year to date for 2011.

Certain REIT sectors demonstrated ability to increase guidance for FFO for 2011, while others seem to be headed for disappointment when results for 4Q 2011 are reported in January and February, 2012. Most Residential REITs exceeded guidance for FFO for 3Q 2011, while also increasing guidance for FFO for 2011, now indicating FFO growth for 2011 of 10% or more. Retail REITs report better than expected tenant sales gains to support occupancy and rental growth. Investors appear to be pulling back from Office REITs, due to continued rent roll-downs, lagging economic recovery, as well as exposure to pending bank layoffs. Industrial REITs trade in line with economic indicators, with slow growth expected for the rest of 2011. Hotel REITs react to daily fluctuations in investor fears that softer economic trends for the US and Europe will erode profitability during the last months of 2011.

Financial Mortgage REITs face significant fundamental change, although timing of the change has been delayed, preserving the status quo for Financial Mortgage REITs with portfolios of agency guaranteed Residential MBS. Congressional attempts to close the budget gap have delayed Fannie Mae reform, with most Congressmen hesitant to vote on Fannie Mae issues before the 2012 elections. Reform of Fannie Mae may ultimately impact the housing sector starting in 2013, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 14 REITs in the S&P 500 Index are actually invested in financial assets. Dividends are moving higher during 2011. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

### Tenants of Health Care REITs Face Significant Issues During 2012

Tenants of Health Care REITs may feel stressed from time to time by changes in Medicare reimbursement, but 2012 will be remembered as a year when 4 significant changes impacted the Health Care REIT industry at the same time. First was the new Medicare reimbursement rules impacting revenue for skilled nursing tenants during FY 2012 (beginning October, 2011). Announced in July, 2011, these new rules began to impact profitability of skilled nursing tenants during 4Q 2011 (with undisclosed results to date). Although Medicare reimbursement was increased 2.5% for Medicare sub-acute patients receiving care in "long term acute care" specialty hospitals (known as LTACs), Medicare reimbursement for skilled nursing facilities providing care to Medicare sub-acute patients was reduced (11.1%) for FY 2012. This revenue reduction applies to 40% of revenue for most skilled nursing properties. As a result, Health Care REITs with skilled nursing tenants now expect to see EBITDA coverage erode, but rents will remain the same.

A second issue impacting tenants of Health Care REITs is pending Medicare reduction of as much as (27%) in physician reimbursement for outpatient services. Although extension of the payroll tax bill delayed this Medicare outpatient reimbursement reduction for 2 months, the impact will be felt by physicians during 2012 in the absence of any further blocking legislation. Health Care REITs with portfolios of medical office buildings may see sole practitioners forced to join medical groups. Lease turnover may increase, while rents are less likely to rise.

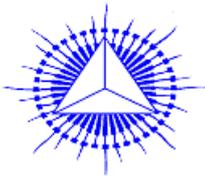
A third significant issue is pending Supreme Court review of Obama's health plan (Patient Protection and Affordable Care Act). The Supreme Court justices will hear arguments on the constitutionality of the Affordable Care Act in April, 2012, and will deliver their verdict no earlier than June, 2012. The plan requires all except the smallest employers to pay for health insurance for their employees and would force individuals who do not have coverage through their employers to purchase their own health care insurance. States would face a dramatic expansion of their Medicaid budgets as low income adults would suddenly become eligible for Medicaid coverage. Tenants of Health Care REITs would see more reimbursement available, stimulating demand for their health care services.

Fourth, the Obama administration has cancelled its previous support for the CLASS Act, passed as part of the Obama Health Plan during 2010 but disavowed by HHS Secretary Kathleen Sebelius during 2011 as "unsustainable". Republicans sought unsuccessfully to repeal the CLASS Act during 2011, and will renew their efforts during 2012. The CLASS Act would have made available a new type of private long term care insurance providing significant funding for senior care services, whether provided at home or in health care facilities. Repeal of the CLASS Act removes a potential positive for Health Care REITs, although long term growth outlook remains intact, based on inevitable growth in demand due to demographics.

### Trading Opportunities

**Senior Housing Properties Trust** is a small cap Health Care REIT with a market cap of \$3.5 billion and a diverse portfolio of 357 health care properties, including medical office buildings, senior housing, assisted living, skilled nursing, specialty hospitals and wellness centers. Senior Housing Properties Trust outperformed other Health Care REITs, trading up 3% year to date for 2011. Following acquisition of more than \$1 billion in medical office properties over the past 3 years, this segment now accounts for more than 30% of NOI. FFO increased 2% for 3Q 2011, with revenue up 40% due to acquisitions. No guidance has been provided for FFO for 2011. Dividends increased 3% for 4Q 2011, with income investors now receiving current annual dividend yield of 6.7%.

**Healthcare Realty Trust** is another small cap Health Care REIT with a market cap of \$1.5 billion and a portfolio of 219 properties concentrated in medical office buildings. **Healthcare Realty Trust** underperformed larger Health Care REITs, trading down (12%) year to date for 2011. Normalized FFO increased 3% for 3Q 2011, with occupancy gains, rents on new leases and contractual rent increases expected to drive 3%-4% growth for the next few years. Dividends were reduced more than (23%) in 2009, when **Healthcare Realty Trust** decided to prioritize funds flow for capital investment in new developments. Income investors now receive annual dividend yield of 6.5%.



Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price	Price	Price	Price	Price	Weekly	2011
		12/31/2010	12/02/2011	12/09/2011	12/16/2011	12/23/2011	Change	Price Change
Apartment Investment and Management	AIW	\$26	\$22	\$22	\$22	\$23	5%	-11%
AvalonBay Communities	AVB	\$113	\$124	\$126	\$129	\$132	2%	17%
Boston Properties	BXP	\$86	\$94	\$95	\$96	\$101	5%	17%
Equity Residential	EQR	\$52	\$54	\$54	\$56	\$57	3%	11%
HCP Inc.	HCP	\$37	\$38	\$39	\$39	\$41	6%	12%
Health Care REIT	HCN	\$48	\$50	\$51	\$52	\$54	4%	13%
Host Hotels & Resorts	HST	\$18	\$14	\$14	\$14	\$15	5%	-19%
Kimco Realty	KIM	\$18	\$16	\$16	\$16	\$17	5%	-6%
Plum Creek Timber	PCL	\$37	\$36	\$36	\$35	\$37	5%	-1%
Prologis, Inc	PLD	\$32	\$28	\$29	\$28	\$29	5%	-9%
Public Storage	PSA	\$101	\$130	\$130	\$128	\$135	5%	33%
Simon Property Group	SPG	\$99	\$123	\$124	\$123	\$130	6%	31%
Ventas	VTR	\$52	\$51	\$53	\$53	\$55	4%	5%
Vornado Realty Trust	VNO	\$83	\$74	\$74	\$74	\$77	4%	-7%
S&P 500 Index	S&P 500	\$1,258	\$1,244	\$1,255	\$1,220	\$1,265	4%	1%
Average for S&P 500 Index REITs							4%	6%

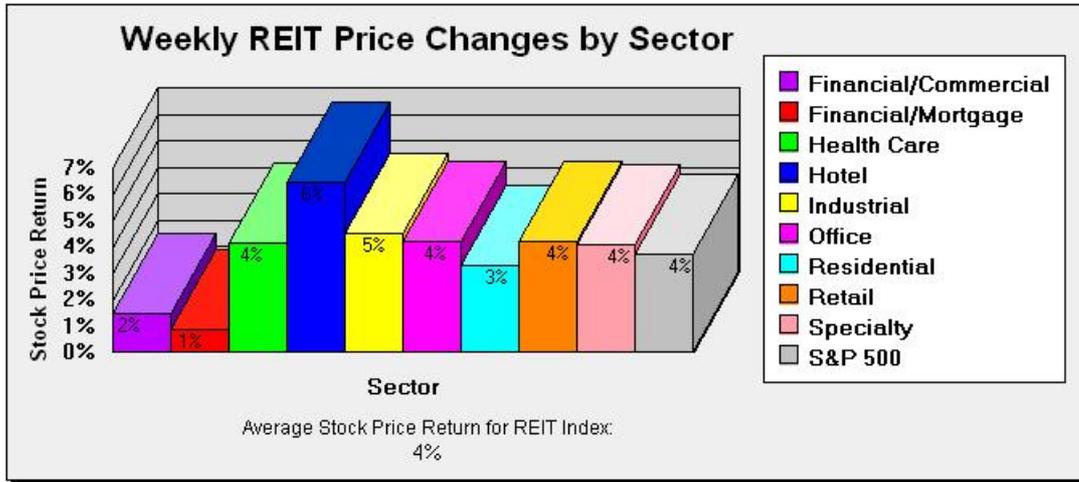
Exuberant rally carried REIT stocks higher during the third week of December, 2011, with REIT stock prices up 4% on average for the week ended December 23, 2011. REITs matched the performance of the S&P 500 Index, also up 4% for the week. The S&P 500 Index is now up 1% year to date for 2011, exceeded by year to date REIT performance, up 6%. Positive performance gap for S&P 500 Index REITs was maintained at 5% in favor of REITs.

Best performing of the S&P 500 Index REITs for 2011 are **Public Storage**, up 33%, and **Simon Property Group**, up 31%. Other leading performers include **AvalonBay Communities** and **Boston Properties**, both up 17%, as well as **Equity Residential**, now up 11% for 2011. **Apartment Investment and Management** shows 2011 year to date decline of (11%) due to investor concern that higher rental rates may erode demand from financially stressed low-income tenants. Health Care REITs continued to improve, with **HCP** now up 12%, **Health Care REIT** up 13%, and **Ventas** up 5% for 2011. **Prologis** now shows year to date loss of (9%), as investors await news of improved profitability following the merger of **AMB Property** with **ProLogis Trust**. **Plum Creek Timber**, the only S&P 500 REIT to decline during 2010, now shows decline of only (1%) for 2011. **Kimco Realty** and **Vornado Realty Trust**, well known REITs in the Retail and Office sectors, underperformed, with **Kimco Realty** down (6%) and **Vornado Realty Trust** down (7%) year to date. Exposure to international economies makes Hotel REIT **Host Hotels & Resorts** the most volatile stock among S&P 500 Index REITs, now showing decline of (19%) for 2011.

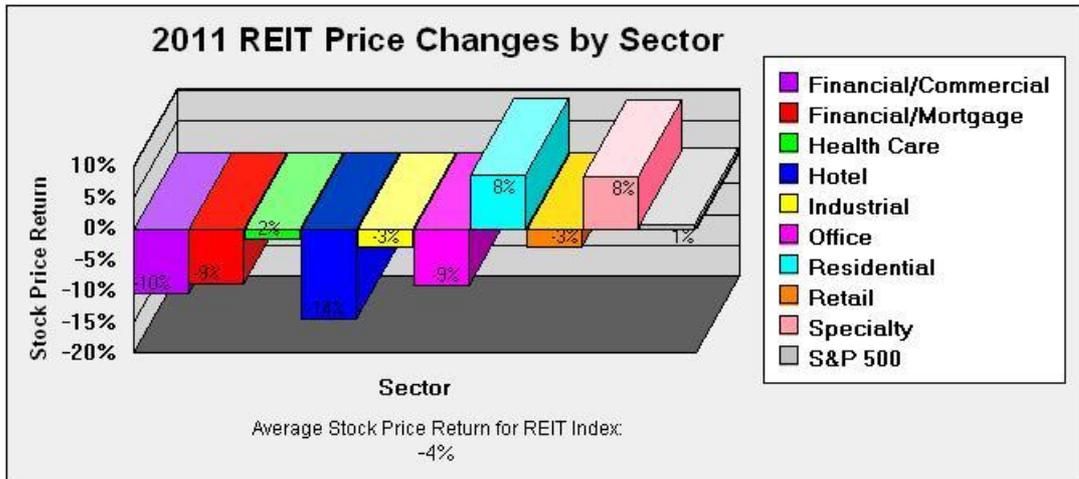
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Weekly REIT Price Changes by Sector

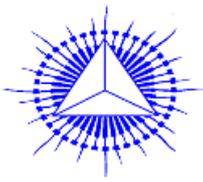


All REIT sectors traded sharply higher throughout the pre-Christmas rally during the third week of December, ended December 23, 2011, although only a few REIT sectors outperformed the 4% weekly gain for the S&P 500 Index. Best performing sector was Hotel REITs, up 6%, followed by Industrial REITs, up 5%. Health Care REITs, Office REITs, Retail REITs and Specialty REITs gained 4%. Residential REITs increased 3%. Lagging sectors were Financial Commercial REITs, up 2% and Financial Mortgage REITs, up 1%. On average, stock prices for REIT Growth and Income Monitor increased 4% for the week ended December 23, 2011.



Stock prices for REITs followed by REIT Growth and Income Monitor now show year to date decline of (4%) on average for 2011 (underperforming decline of (1%) for the S&P 500 Index), following average increase of 35% for 2010. Residential REITs continue to outperform, now up 8%, on better than expected earnings results and higher guidance for 2011. Specialty REITs also outperform, also up 8% year to date for 2011. Health Care REITs show loss of (2%), due to concern over exposure to reimbursement changes for skilled nursing tenants and physician outpatient visits. Industrial REITs and Retail REITs decreased (3%), despite news of continued retail sales gains. Office REITs are down (9%) as investors focus on bank layoffs and rent rollbacks. Lagging Financial Commercial REITs traded down (10%), and Financial Mortgage REITs decreased (9%). Volatile Hotel REITs are now down (14%) for 2011, in the worst performance of any REIT sector for 2011.

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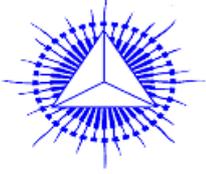


INDEX TO DAILY REIT COMMENTS  
Week from 12/17/2011 to 12/23/2011

Corporate Office Properties Trust	OFC	page 6
Government Properties Income Trust	GOV	page 7
Plum Creek Timber	PCL	page 8
DuPont Fabros Technology	DFT	page 9
FelCor Lodging Trust	FCH	page 10
First Potomac Realty Trust	FPO	page 11
Equity Lifestyle Properties	ELS	page 12
Home Properties	HME	page 13
Annaly Capital Management	NLY	page 14
Strategic Hotels & Resorts	BEE	page 15
Potlatch Corp .	PCH	page 16
General Growth Properties	GGP	page 17
CYS Investments	CYS	page 18
MFA Financial	MFA	page 19
Pennsylvania REIT	PEI	page 20
Host Hotels & Resorts	HST	page 21
Saul Centers	BFS	page 22
Essex Property Trust	ESS	page 23
DuPont Fabros Technology	DFT	page 24
Annaly Capital Management	NLY	page 25
Brookfield Properties Corp .	BPO	page 26
SL Green Realty Corp .	SLG	page 27
Hatteras Financial	HTS	page 28
Mission West Properties	MSW	page 29
Healthcare Realty Trust	HR	page 30
Mid-America Apartment Communities	MAA	page 31
Boston Properties	BXP	page 32
AvalonBay Communities	AVB	page 33
UDR, Inc.	UDR	page 34
Boston Properties	BXP	page 35
Mission West Properties	MSW	page 36
Brookfield Properties Corp .	BPO	page 37
Brandywine Realty Trust	BDN	page 38
Healthcare Realty Trust	HR	page 39
Equity Residential	EQR	page 40
CommonWealth REIT	CWH	page 41
Regency Centers Corporation	REG	page 42
Camden Property Trust	CPT	page 43
Senior Housing Properties Trust	SNH	page 44
CommonWealth REIT	CWH	page 45
Corporate Office Properties Trust	OFC	page 46
Prologis Inc	PLD	page 47
EastGroup Properties	EGP	page 48
Senior Housing Properties Trust	SNH	page 49
Healthcare Realty Trust	HR	page 50
CubeSmart	CUBE	page 51
American Campus Communities	ACC	page 52
Plum Creek Timber	PCL	page 53
DCT Industrial Trust	DCT	page 54
HCP Inc.	HCP	page 55

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REIT Comment



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Company:	Corporate Office Properties Trust
Price:	\$22
Recommendation:	SELL
Ranking:	4
Market Cap:	\$1,631
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/19/2011  
OFC \$22

Corporate Office Properties Trust OFC news of renewed DOD funding should resolve concerns through fiscal year 2012, ending September, 2012

OFC in addition to House and Senate passage of \$915 billion spending bill for fiscal year 2012, passage of \$662 billion DOD spending bill by both House and Senate provides latitude for favored Pentagon programs

OFC total DOD spending for fiscal year 2012 to be reduced by (\$43) billion from fiscal year 2011

OFC has highest exposure of any publicly traded REIT to defense and intelligence agencies already at more than 60% of total rental revenues, to increase to more than 70% as a result of pending strategic divestiture of suburban office properties

OFC reported FFO decline of (10%) for 3Q 2011 and maintained guidance for FFO for 2011 indicating a FLAT year

OFC stock price supported by current annual dividend yield of 7.7%

OFC an Office REIT with a portfolio of office properties concentrated in metropolitan DC area

OFC we rank 4 SELL

OFC market cap \$1.6 billion

REIT Comment



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Company:	Government Properties Income Trust
Price:	\$22
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$999
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/19/2011  
GOV \$22

Government Properties Income Trust GOV investor relief over Congress passage of \$915 million spending bill

GOV House and Senate passed \$915 million spending bill funding all federal government agencies through September 2012

GOV President Obama signature pending on fiscal 2012 spending bill, following temporary continuing resolution providing funding through December 23, 2011 already signed by Obama

GOV has greatest exposure of any REIT to federal agency tenants at 83% of total rents

GOV reported 19% growth in FFO for 3Q 2011, due to acquisitions completed over last 12 months

GOV no guidance provided for FFO for 2011

GOV stock price supported by current annual dividend yield of 7.6%

GOV a Specialty REIT with a portfolio of office properties net leased to federal and state government agencies

GOV we rank 3 HOLD

GOV market cap \$1.0 billion

REIT Comment



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Company:	Plum Creek Timber
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,718
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/19/2011  
PCL \$35

Plum Creek Timber PCL news of improving confidence among homebuilders signals no further erosion in US housing sector

PCL National Association of Homebuilders/Wells Fargo reported Housing Market Index up for third month in a row for December, 2011, although still at low level by historical standards

PCL greatest level of builder confidence reported in southern states

PCL Specialty REITs with portfolios of timberlands and sawlog mills would benefit from improving outlook for US homebuilding, through higher demand and prices for lumber

PCL management comments indicate continued strength in lumber and timber export markets particularly for China and Japan

PCL stock price supported by current annual dividend yield of 4.8%, as well as by management commitment to repurchase stock

PCL a Specialty REIT with a portfolio of timberlands and sawlog mills

PCL we rank 2 BUY

PCL market cap \$5.7 billion

PCL an S&P 500 Index REIT

REIT Comment



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Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,930
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/19/2011  
DFT \$24

DuPont Fabros Technology DFT new of continued gains in online holiday sales underscores importance of infrastructure supporting online access

DFT comScore reported US online sales for Holiday 2011 season UP +15%, with last week including 4 days with more than \$1 billion in sales

DFT online sales growth exceeding growth for in-store Holiday 2011 sales, forecast by NRF (National Retail Federation) UP +3.8%

DFT demand for data centers owned by DFT driven by proliferation of mobile Internet devices and by corporate trend toward cloud computing

DFT significant DFT tenants include the largest Internet websites and online service providers including Facebook, Google, Microsoft and Yahoo!, as well as managed hosting services such as Rackspace and AboveNet (providing Amazon cloud web service)

DFT portfolio expansion with newly developed data centers provides 20% capacity increment for 2012

DFT reported FFO growth of UP +19% for 3Q 2011, while increasing guidance for FFO for 2011 to indicate potential growth of as much as UP +23%

DFT an Office REIT with a portfolio of wholesale data centers leased to key Internet portals and service providers

DFT we rank 2 BUY

DFT market cap \$1.9 billion

REIT Comment



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Company:	FelCor Lodging Trust
Price:	\$2
Recommendation:	SELL
Ranking:	5
Market Cap:	\$285
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/16/2011  
FCH \$2

Felcor Lodging Trust FCH traded DOWN (\$0.12) per share to close DOWN (5%) day

FCH stock traded DOWN (65%) year to date for 2011, underperforming Hotel REITs, DOWN (19%)

FCH investor concern that FCH may be subject to lower than expected demand during 4Q 2011

FCH reported profitable results for 3Q 2011, with FFO of \$0.05 per share (adjusted) for 3Q 2011, and reduced guidance for FFO for 2011 to indicate positive FFO of less than \$0.20 per share

FCH a Hotel REIT

FCH we rank 5 SELL

FCH market cap \$285 million

REIT Comment



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Company:	First Potomac Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$638
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/16/2011  
FPO \$12

First Potomac Realty Trust FPO traded DOWN (\$0.31) per share to close DOWN (2%) day

FPO stock traded DOWN (27%) year to date for 2011, underperforming Industrial REITs, DOWN (7%)

FPO stock traded down despite investor relief that House and Senate passage of federal funding bill for fiscal year 2012 resolves uncertainty

FPO federal spending level set for fiscal year 2012 at lower level than for fiscal year 2011

FPO both MD and VA (important states for FPO) will see defense spending step up from previous levels, as favored DOD programs are specifically funded by defense spending bill

FPO reported FFO decline of (13%) for 3Q 2011 and narrowed guidance for 2011 FFO to indicate potential decline of as much as (12%)

FPO stock price supported by current annual dividend yield of 6.5%

FPO an Industrial REIT with a portfolio of industrial, commercial and office properties concentrated in metropolitan DC area

FPO we rank 3 HOLD

FPO market cap \$638 million

REIT Comment



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Company:	Equity Lifestyle Properties
Price:	\$64
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,789
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/16/2011  
ELS \$64

Equity Lifestyle Properties ELS traded DOWN (\$1.00) per share to close DOWN (2%) day

ELS stock traded UP +14% year to date for 2011, outperforming Specialty REITs, UP +4%

ELS completion of major acquisition drives revenue and profit growth with total portfolio capacity to increase UP +28%

ELS reported FFO growth UP +17% for 3Q 2011, and recommended 17% dividend increase for 2012

ELS projected FFO growth for 2011 excluding transactions costs UP +15%, but reported FFO growth for 2011 to be FLAT

ELS FFO growth for 2012 to be impacted by share dilution from funds raised to complete acquisition

ELS a Specialty REIT with a portfolio of manufactured home communities

ELS we rank 3 HOLD

ELS market cap \$2.8 billion

REIT Comment



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Company:	Home Properties
Price:	\$56
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,984
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/16/2011  
HME \$56

Home Properties HME traded DOWN (\$0.99) per share to close DOWN (2%) day

HME stock traded FLAT year to date for 2011, underperforming Residential REITs, UP +5%

HME expects apartment shortage to continue to drive higher profitability for Residential REITs

HME reported 10% FFO growth for 3Q 2011 and increased guidance for FFO for 2011 to indicate potential growth of as much as UP +13%

HME stock price supported by current annual dividend yield of 4.5%

HME a Residential REIT with a diverse portfolio of apartment communities

HME we rank 2 BUY

HME market cap \$3.0 billion

REIT Comment



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Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,480
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
NLY \$16

Annaly Capital Management NLY reduced quarterly dividend distribution by(5%) to \$0.57 per share for 1Q 2012

NLY new annual dividend \$2.28 per share

NLY new yield 13.97%, above the midpoint of the range for Financial Mortgage REITs

NLY variability in quarterly dividend distributions impacted by portfolio yield and NIM(net interest margin)

NLY a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

NLY we rank 2 BUY

NLY market cap \$15.5 billion

REIT Comment



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Company:	Strategic Hotels & Resorts
Price:	\$5
Recommendation:	SELL
Ranking:	4
Market Cap:	\$935
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
BEE \$5

Strategic Hotels & Resorts BEE completed tender offer for preferred shares

BEE announced total of 3.2 million preferred shares tendered at price of \$26.70 per share

BEE repurchase of preferred shares lowers future dividend payments

BEE reported FFO FLAT for 3Q 2011 and provided guidance for FFO for 2011 to be FLAT - UP +30%

BEE a Hotel REIT with a portfolio of upscale and resort hotels in US and Mexico

BEE we rank 4 SELL

BEE market cap \$935 million

REIT Comment



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Company:	Potlatch Corp.
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,189
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/20/2011  
PCH \$29

Potlatch PCH news of higher housing starts a moderately positive signal of recovery for US housing sector

PCH Commerce Department reported housing starts for November, 2011 increased UP +9.3% from the previous month to annual rate of 685,000

PCH Commerce Department numbers include single family home construction UP +2.3% to annual rate of 447,000, while multifamily construction increased UP +25% to 238,000

PCH applications for building permits also increased, with applications for single family home construction UP +1.6%, while permits for apartment units increased UP +14%

PCH Specialty REITs with portfolios of timberlands and sawlog mills will benefit from improvement in US homebuilding and other construction through stronger demand and higher prices for lumber

PCH recently announced harvest guidance reduction for 2012, as well as dividend reduction

PCH reported 40% FFO growth for 3Q 2011

PCH stock price supported by new yield of 4.2%

PCH a Specialty REIT with a portfolio of timberlands and sawlog mills

PCH we rank 2 BUY

PCH market cap \$1.2 billion

REIT Comment



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Company:	General Growth Properties
Price:	\$15
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$14,203
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
GGP \$15

General Growth Properties GGP announced terms for pending spinoff of Rouse Properties

GGP shares of Rouse Properties to be distributed on January 12, 2012 for shareholders of record on December 30, 2011

GGP shareholders to receive 0.0375 shares of Rouse Properties for each share of GGP held

GGP Rouse Properties earned core net operating income of \$113 million for 9 months ended September 30, 2011

GGP Rouse Properties to have \$1.16 billion debt at average rate of 5.6%

GGP distribution of Rouse Properties to qualify as a taxable dividend distribution, satisfying a portion of income distribution requirement for GGP for 2011

GGP Rouse Properties expected to trade when issued on December 28, 2011

GGP a Retail REIT with a portfolio of regional malls

GGP we rank 3 HOLD

GGP market cap \$14.2 billion

REIT Comment



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Company:	CYS Investments
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,069
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
CYS \$13

CYS Investments CYS reduced quarterly dividend distribution by(9%) to \$0.50 per share for 4Q 2011

CYS new annual dividend \$2.00 per share

CYS new yield 15.5%

CYS share dilution from 2010 and 2011 stock offerings requires dividend adjustment, as well as variability in portfolio yield and cost of funds

CYS a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

CYS we rank 3 HOLD

CYS market cap \$1.1 billion

REIT Comment



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Company:	MFA Financial
Price:	\$7
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,442
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
MFA \$7

MFA Financial MFA announced special dividend of \$0.02 per share to be paid during January, 2012 in conjunction with regular quarterly dividend of \$0.25 per share

MFA current annual regular dividend \$1.00 per share

MFA current yield 14.6%, above the midpoint of the range for Financial Mortgage REITs

MFA a Financial Mortgage REIT with a portfolio of agency guaranteed and nonagency guaranteed Residential loans and MBS

MFA we rank 2 BUY

MFA market cap \$2.4 billion

REIT Comment



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Company:	Pennsylvania REIT
Price:	\$11
Recommendation:	BUY
Ranking:	2
Market Cap:	\$613
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
PEI \$11

Pennsylvania REIT PEI traded UP \$0.65 per share to close UP +6% day

PEI stock traded DOWN (26%) year to date for 2011, underperforming Retail REITs, DOWN (7%)

PEI news of continuing strength in Holiday 2011 sales presents a positive outlook for Retail REITs

PEI reported better than expected results for 3Q 2011, with FFO UP +24%

PEI also increased guidance for FFO for 2011 to indicate decline of as much as (9%)

PEI stock price supported by current annual dividend yield of 5.6%

PEI a Retail REIT with a portfolio of regional malls in mid-Atlantic states

PEI we rank 2 BUY

PEI market cap \$613 million

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$14
Recommendation:	SELL
Ranking:	4
Market Cap:	\$10,197
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
HST \$14

Host Hotels & Resorts HST traded UP \$0.63 per share to close UP +5% day

HST stock traded DOWN (20%) year to date for 2011, slightly underperforming Hotel REITs, DOWN (19%)

HST investor concern over exposure to slower international growth with particular exposure to Mexico and Europe

HST recent decision to terminate \$442 million acquisition of Grand Hyatt DC indicates slower than previously planned pace of portfolio expansion

HST reported 29% growth in FFO for 3Q 2011, while slightly reducing guidance for FFO for 2011 to indicate growth of as much as UP +19%

HST a Hotel REIT with a portfolio of upscale hotels in US and international markets

HST we rank 4 SELL

HST market cap \$10.2 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	Saul Centers
Price:	\$36
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$678
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
BFS \$36

Saul Centers BFS traded UP \$1.23 per share to close UP +4% day

BFS stock traded DOWN (24%) year to date for 2011, underperforming Retail REITs, DOWN (7%)

BFS this week's news of House and Senate passage of federal funding bill for fiscal year 2012 provides investor relief over impact of federal spending reductions on local metropolitan DC economy

BFS reported FFO decline of (5%) for 3Q 2011, with NOI DOWN more than (4%) due to decline in base rents

BFS no guidance provided for FFO for 2011

BFS stock price supported by current annual dividend yield of 4.0%

BFS a Retail REIT with a diverse portfolio of retail and commercial assets located in the metropolitan DC area

BFS we rank 3 HOLD

BFS market cap \$678 million

REIT Comment



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Company:	Essex Property Trust
Price:	\$139
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,931
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
ESS \$139

Essex Property Trust ESS traded UP +\$3.34 to close UP +2% day

ESS stock traded UP +22% year to date for 2011, outperforming Residential REITs, UP +5%

ESS like other Residential REITs seeing rapid improvement in profitability on higher average monthly rental rates

ESS reported FFO growth of UP +15% for 3Q 2011, while increasing guidance for FFO for 2011 to indicate potential for growth of as much as UP +14%

ESS a Residential REIT with a diverse portfolio of apartment communities in west coast states

ESS we rank 2 BUY

ESS market cap \$4.9 billion

REIT Comment



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Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,983
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
DFT \$24

DuPont Fabros Technology DFT traded UP\$0.83 per share to close UP +4%

DFT stock traded UP +14% year to date for 2011, outperforming Office REITs, DOWN (13%)

DFT news this week of online retail sales growth UP+15% for Holiday 2011 highlights importance of data centers to service Internet commerce

DFT demand for data centers owned by DFT driven by proliferation of mobile Internet devices and by corporate trend toward cloud computing

DFT significant DFT tenants include the largest Internet websites and online service providers including Facebook, Google, Microsoft and Yahoo!, as well as managed hosting services such as Rackspace and AboveNet (providing Amazon cloud web service)

DFT portfolio expansion with newly developed data centers provides 20% capacity increment for 2012

DFT reported FFO growth of UP +19% for 3Q 2011, while increasing guidance for FFO for 2011 to indicate potential growth of as much as UP +23%

DFT an Office REIT with a portfolio of wholesale data centers leased to key Internet portals and service providers

DFT we rank 2 BUY

DFT market cap \$2.0 billion

REIT Comment



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Company:	Annaly Capital Management
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,755
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/21/2011  
NLY \$17

Annaly Capital Management NLY news of lower mortgage application volume reflects normal holiday seasonality

NLY MBA (Mortgage Bankers Association) reported mortgage application volume decreased (2.6%) for week ended December 16, 2011

NLY according to MBA, mortgage refinance applications decreased (1.6%), while mortgage applications for home purchase decreased DOWN (4.9%)

NLY low interest rates not attracting consumers who may expect further interest rate decline with MBA reporting rate on new 30 year fixed rate mortgages at 4.08%, while jumbo mortgage rate remains at 4.4%

NLY no indication yet from FHFA regarding HARP II volume of refinance applications

NLY reported Core EPS declined (7%) during 3Q 2011, as NIM (net interest margin) contracted to 2.08%

NLY stock price supported by current annual dividend yield of 13.7%, above the midpoint of the range for Financial Mortgage REITs

NLY a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

NLY we rank 2 BUY

NLY market cap \$15.8 billion

REIT Comment



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Company:	Brookfield Properties Corp.
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$7,904
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/21/2011  
BPO \$16

Brookfield Properties BPO investors in Office REITs with exposure to financial industry tenants should brace for impact of new Federal Reserve rules on bank capital and liquidity

BPO while total capital requirements are not yet a constraint Federal Reserve mandate to reach Basel III capital constraints over the next 8 years may limit future bank activities

BPO new rules on exposure to single counterparty and on interbank credit exposure may force large banks to curtail some kinds of lending

BPO Federal Reserve rules on capital and liquidity are soon to be extended to other kinds of financial companies besides banks, including insurance companies, hedge funds and finance subsidiaries such as GE Capital

BPO Federal Reserve will also issue new rules on foreign banks operating in US

BPO management estimates exposure to financial industry tenants at more than 50% of NOI

BPO has greatest exposure to Bank of America BAC of any Office REIT, with Bank of America subsidiary Merrill Lynch representing 8% of total BPO portfolio with leases in NYC and Toronto

BPO other financial industry tenants include Bank of Montreal CIBC, Goldman Sachs, JP Morgan Chase, Nomura, RBC and Wells Fargo/Wachovia

BPO reported FFO decline of (6%) for 3Q 2011 and increased guidance for FFO for 2011 to indicate potential decline of as much as (18%)

BPO new guidance for FFO for 4Q 2011 indicates decline of (35%)-(40%) on loss of tenant in Boston property

BPO an Office REIT with a portfolio of upscale office properties in US and Canada

BPO we rank 4 SELL

BPO market cap \$7.9 billion

REIT Comment



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Company:	SL Green Realty Corp.
Price:	\$66
Recommendation:	SELL
Ranking:	4
Market Cap:	\$5,811
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/21/2011  
SLG \$66

SL Green Realty SLG exposure to financial industry tenants heightens investor concern over Office REITs

SLG new Federal Reserve rules regulating bank capital and liquidity may cause bank tenants to curtail some lending activities, in addition to previous Dodd Frank pressure on bank proprietary trading

SLG other financial industry tenants besides banks including foreign banks, insurance companies and large hedge funds, to be added to Federal Reserve list of regulated concerns

SLG this news, together with bank layoffs already announced, will impact total demand for office space from financial industry tenants

SLG tenants may offer subleases of vacant space, pressuring office rental rates, and seek to terminate leases of high cost space, forcing additional rent reductions

SLG key tenant Citi represents 13% of rental revenues, with additional exposure to international banks Credit Suisse 5% and Societe Generale 2%

SLG announced (4%) decline in FFO for 3Q 2011, while maintaining guidance for FFO for 2011 indicating as much as (5%) decline

SLG an Office REIT with a portfolio of office properties concentrated in NYC

SLG we rank 4 SELL

SLG market cap \$5.8 billion

REIT Comment



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Company:	Hatteras Financial
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,053
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
HTS \$27

Hatteras Financial HTS news of higher existing home sales indicates housing sector activity continues at sluggish level

HTS report from National Association of Realtors shows existing home sales increased UP+4% to annual rate of 4.42 million homes for November, 2011, up from revised 4.25 million unit pace for October, 2011

HTS October 2011 home purchase data revised DOWN more than (11%), possibly indicating number of deals that failed to close due to lower than expected appraisals or problems with financing

HTS stock price supported by current annual dividend yield of 13.3%, near the midpoint of the range for Financial Mortgage REITs

HTS a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

HTS we rank 2 BUY

HTS market cap \$2.1 billion

REIT Comment



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Company:	Mission West Properties
Price:	\$9
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$929
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/20/2011  
MSW \$9

Mission West Properties MSW traded UP \$0.44 per share to close UP +5% day

MSW stock traded UP +32% year to date for 2011, outperforming Office REITs, DOWN (13%)

MSW reported to be "considering strategic alternatives, including possible sale of the company"

MSW reported FFO growth of UP +4% for 3Q 2011, although no guidance provided for FFO for 2011

MSW expects higher FFO for 2012

MSW stock price supported by current annual dividend yield of 5.9%

MSW an Office REIT

MSW we rank 3 HOLD

MSW market cap \$929 million

REIT Comment



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Company:	Healthcare Realty Trust
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,417
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/21/2011  
HR \$18

Healthcare Realty Trust HR traded UP \$0.24 per share to close UP +1% day

HR stock traded DOWN (13%) year to date for 2011, underperforming Health Care REITs, DOWN (6%)

HR concentration of portfolio in medical office buildings limits exposure to Medicare and Medicaid reimbursement changes planned for skilled nursing facilities

HR reported 3% FFO growth for 3Q 2011, with no guidance provided for FFO for 2011

HR stock price supported by current annual dividend yield of 6.5%

HR a Health Care REIT with a portfolio concentrated in medical office properties

HR we rank 2 BUY

HR market cap \$1.4 billion

REIT Comment



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Company:	Mid-America Apartment Communities
Price:	\$62
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,453
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/21/2011  
MAA \$62

Mid-America Apartment Communities MAA traded UP \$0.49 per share to close UP +1% day

MAA stock traded DOWN (2%) year to date for 2011, underperforming Residential REITs, UP +5%

MAA seeing significant profitability gains due to higher average rental rates as apartment shortage in key markets becomes evident

MAA reported FFO growth of UP +19% for 3Q 2011, while narrowing guidance for FFO for 2011 to indicate growth of as much as UP +8%

MAA stock price supported by current annual dividend yield of 4.2%

MAA a Residential REIT with a diverse portfolio of apartment communities in southern states

MAA we rank 2 BUY

MAA market cap \$2.5 billion

REIT Comment



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Company:	Boston Properties
Price:	\$98
Recommendation:	SELL
Ranking:	4
Market Cap:	\$14,597
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/21/2011  
BXP \$98

Boston Properties BXP traded DOWN (\$0.49) per share to close DOWN (1%) day

BXP stock traded UP +14% year to date for 2011, outperforming Office REITs, DOWN (13%)

BXP news of new Federal Reserve regulations on financial industry tenants including banks and insurance companies may concern investors in Office REITs

BXP reported 20% growth for 3Q 2011 and increased low end of guidance range for FFO for 2011 to indicate as much as UP +9% growth

BXP an Office REIT with a portfolio of upscale office properties in NY, Boston, DC and San Francisco

BXP we rank 4 SELL

BXP market cap \$14.6 billion

BXP an S&P 500 Index REIT

REIT Comment



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Company:	AvalonBay Communities
Price:	\$129
Recommendation:	BUY
Ranking:	2
Market Cap:	\$12,248
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/22/2011  
AVB \$129

AvalonBay Communities AVB news of lower unemployment claims another positive signal for Residential REITs

AVB Labor Department reported new unemployment claims DOWN(4,000) to seasonally adjusted 364,000 for week ended December 17, 2011

AVB Labor Department also reported 4 week moving average of new unemployment claims DOWN (7,500) to 380,250, lowest level since June, 2008

AVB Residential REITs benefit from positive employment trends, as most new jobs are taken by 25-34 year old age group, target market for Residential REITs

AVB apartment shortage in key urban areas to drive record rental rates for 2011-2013

AVB well positioned to take advantage of apartment shortage in key urban areas with \$1 billion development pipeline

AVB reported 19% FFO growth for 3Q 2011 and reduced top end of guidance range for FFO for 2011 to indicate growth of as much as 15%

AVB a Residential REIT with a portfolio of upscale apartment communities in east coast and west coast locations

AVB we rank 2 BUY

AVB market cap \$12.2 billion

AVB an S&P 500 Index REIT

REIT Comment



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Company:	UDR, Inc.
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,695
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
UDR \$25

UDR Inc UDR announced \$154 million joint venture acquisition in Washington DC

UDR investing \$19 million in 30% owned joint venture with KFH (Kuwait Finance House) to acquire 1301 Thomas Circle, a 292 unit luxury apartment building in DC

UDR building amenities include 24 hour concierge, parking garage, rooftop pool, fitness center, clubhouse, business center, private courtyard and outdoor kitchen

UDR average monthly rent for acquired facility \$2,740, well above UDR average portfolio monthly rent of \$1,320

UDR now owns 21 apartment communities in metropolitan DC area, including 3 owned through joint venture with KFH

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$5.7 billion

REIT Comment



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Company:	Boston Properties
Price:	\$98
Recommendation:	SELL
Ranking:	4
Market Cap:	\$14,597
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
BXP \$98

Boston Properties BXP to increase quarterly dividend distribution by 10% to \$0.55 per share for 1Q 2012

BXP new annual dividend \$2.20 per share

BXP new yield 2.3%

BXP an Office REIT with a portfolio of upscale office properties in NY, Boston, DC and San Francisco

BXP we rank 4 SELL

BXP market cap \$14.6 billion

BXP an S&P 500 Index REIT

REIT Comment



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Company:	Mission West Properties
Price:	\$9
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$929
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
MSW \$9

Mission West Properties MSW seeking potential acquirors

MSW board of directors views timing good to seek buyout with lower borrowing costs and higher cap rates on recent acquisitions of properties in northern CA area

MSW portfolio of office and R&D properties concentrated in Silicon Valley area of northern CA, south of San Francisco

MSW portfolio occupancy of 66.7% as of 3Q 2011

MSW 3Q 2011 included acquisition of \$10.8 million office property in San Jose, CA for first year expected yield of 8.5%

MSW expects higher profitability for 2012 based on higher rents for new and renewal leases

MSW reported FFO growth of UP +4% for 3Q 2011, although no guidance provided for FFO for 2011

MSW stock price supported by current annual dividend yield of 5.9%

MSW an Office REIT

MSW we rank 3 HOLD

MSW market cap \$929 million

REIT Comment



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Company:	Brookfield Properties Corp.
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$7,950
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
BPO \$16

Brookfield Properties BPO completed sale of 53 State Street in Boston MA for \$610 million

BPO divested \$680 million properties over past 12 months to reinvest in new developments and portfolio acquisitions

BPO older properties in Boston experiencing lower average rental rates DOWN (3%) for 3Q 2011

BPO reported FFO decline of (6%) for 3Q 2011 and increased guidance for FFO for 2011 to indicate potential decline of as much as (18%)

BPO new guidance for FFO for 4Q 2011 indicates decline of (35%)-(40%) on loss of tenant in Boston property

BPO an Office REIT with a portfolio of upscale office properties in US, Canada and Australia

BPO we rank 4 SELL

BPO market cap \$8.0 billion

REIT Comment



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Company:	Brandywine Realty Trust
Price:	\$9
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,264
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/22/2011  
BDN \$9

Brandywine Realty Trust BDN announced formation of joint venture with Current Creek Investments LLC (subsidiary of Allstate Insurance Company) to invest in office properties in metropolitan DC area

BDN 50% owned joint venture established with contribution of 3 properties owned by BDN, valued at \$156 million

BDN to provide property management, leasing and construction management services

BDN received distribution of \$120 million cash in compensation for contributed properties, applied to reduce debt

BDN to invest \$75 million to pursue additional joint venture interests, with BDN eligible for promote joint venture interests on achievement of targeted return goals

BDN joint venture sufficiently funded to acquire \$375 million additional assets

BDN reported 28% FFO growth for 3Q 2011, while increasing guidance for FFO for 2011 to indicate growth of as much as UP +4%

BDN stock price supported by current annual dividend yield of 6.5%

BDN an Office REIT with a portfolio of office properties in mid-Atlantic states

BDN we rank 3 HOLD

BDN market cap \$1.3 billion

REIT Comment



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Company:	Healthcare Realty Trust
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,417
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
HR \$18

Healthcare Realty Trust HR stock may trade down on news that stalled payroll tax bill included adjustment to Medicare outpatient services reimbursement for physicians

HR stalled payroll tax bill restored pending (27%) reduction in Medicare reimbursement to physicians for outpatient visits starting January 2012

HR without the adjustment, doctors in sole practice facing sharp revenue reduction may be forced to join medical groups

HR additional news pending with Supreme Court review of Obama Health plan with arguments on mandatory health insurance coverage to be heard in April 2012, for Supreme Court decision by July, 2012

HR reported 3% FFO growth for 3Q 2011, with no guidance provided for FFO for 2011

HR stock price supported by current annual dividend yield of 6.5%

HR a Health Care REIT with a portfolio concentrated in medical office properties

HR we rank 2 BUY

HR market cap \$1.4 billion

REIT Comment



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Company:	Equity Residential
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,635
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
EQR \$57

Equity Residential EQR Lehman opposition to EQR bid to acquire 26.5% of Archstone portfolio to be discussed in Lehman bankruptcy hearing on January 5, 2012

EQR Lehman proposing to acquire the same portion of Archstone chosen for EQR bid with price offered at \$1.3 billion, using "right of first offer" to match EQR bid

EQR Lehman would prefer to see IPO for Archstone as a way to monetize the value of Lehman investment in Archstone

EQR Lehman places higher value on property management portion of Archstone operations a part of the business that could be replaced by EQRs own property management operations

EQR hoping to close Archstone investment on previously disclosed terms during 1Q 2012

EQR a Residential REIT with a diverse portfolio of apartment communities

EQR we rank 2 BUY

EQR market cap \$17.6 billion

EQR an S&P 500 Index REIT

REIT Comment



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Company:	CommonWealth REIT
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,479
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
CWH \$17

CommonWealth REIT CWH traded UP \$0.53 per share to close UP +3% day

CWH stock traded DOWN (33%) year to date for 2011, underperforming Office REITs, DOWN (13%)

CWH today announced filing of IPO for subsidiary, Select Income REIT, to own net leased office properties

CWH reported FFO decline of DOWN (7%) for 3Q 2011, while reporting occupancy decline of (1.3%)

CWH stock price supported by current annual dividend yield of 12.0%

CWH an Office REIT with a diverse portfolio of office and commercial properties

CWH we rank 2 BUY

CWH market cap \$1.5 billion

REIT Comment



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Company:	Regency Centers Corporation
Price:	\$37
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,314
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
REG \$38

Regency Centers REG traded UP \$0.79 per share to close UP +2% day

REG stock traded UP DOWN (11%) year to date for 2011, underperforming Retail REITs, DOWN (7%)

REG Holiday shopping ordinarily stimulates sales for grocery anchored shopping centers as well as for regional malls

REG reported FFO growth of UP +2% for 3Q 2011, and narrowed guidance for FFO for 2011 to indicate a FLAT year

REG new guidance for recurring FFO for 2012 indicates potential for growth of as much as UP +5%

REG stock price supported by current annual dividend yield of 5.0%

REG a Retail REIT with a portfolio of grocery anchored shopping centers

REG we rank 2 BUY

REG market cap \$3.3 billion

REIT Comment



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Company:	Camden Property Trust
Price:	\$61
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,649
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
CPT \$62

Camden Property Trust CPT traded UP \$1.04 per share to close UP +2% day

CPT stock traded UP +15% year to date for 2011, outperforming Residential REITs, UP +5%

CPT today's news of lower than expected new unemployment claims supports positive outlook for Residential REITs

CPT like all Residential REITs seeing improved profitability on higher occupancy and rental rates

CPT reported FFO UP +18% for 3Q 2011, and increased guidance for FFO for 2011 to indicate growth of as much as UP +19%

CPT a Residential REIT with a diverse portfolio of apartment communities

CPT we rank 2 BUY

CPT market cap \$4.6 billion

REIT Comment



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Company:	Senior Housing Properties Trust
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,407
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/22/2011  
SNH \$22

Senior Housing Properties Trust SNH traded UP \$0.20 per share to close UP +1% day

SNH stock traded UP +2% year to date for 2011, outperforming Health Care REITs, DOWN (6%)

SNH physician tenants face pending loss of Medicare outpatient revenue as payroll tax bill stalls

SNH additional news pending with Supreme Court review of Obama Health plan with arguments on mandatory health insurance coverage to be heard in April 2012, for Supreme Court decision by July, 2012

SNH investor concern over exposure to skilled nursing tenants where Medicare reimbursement changes to impact SNH rental coverage ratios

SNH reported FFO growth of UP +2% for 3Q 2011

SNH stock price supported by current annual dividend yield of 6.8%

SNH a Health Care REIT with a diverse portfolio of health care properties

SNH we rank 2 BUY

SNH market cap \$3.4 billion

REIT Comment



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Company:	CommonWealth REIT
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,479
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
CWH \$17

CommonWealth REIT CWH announced details of pending IPO of subsidiary Select Income REIT SIR

CWH Select Income REIT SIR set up to own single tenant netleased industrial and commercial properties, holding portfolio of 253 properties with total of 21.4 million square feet

CWH divested to SIR all commercial and industrial properties located in HI, as well as 25 suburban office and industrial properties located in other US states

CWH current occupancy of SIR properties 95.2%

CWH planned IPO of SIR to raise total of \$230 million, with proceeds to be applied to repay costs of public offering and portion of \$400 million note due CWH

CWH planned IPO to be managed by joint bookrunning managers Morgan Stanley BofA Merrill Lynch and Wells Fargo

CWH to continue to own majority position in SIR stock following public offering

CWH remaining portfolio following divestiture of SIR totals 236 office and commercial properties with 48 million square feet

CWH previous successful IPO of former subsidiary Government Properties Income Trust GOV provides model for successful launch of Select Income REIT SIR

CWH stock price supported by current annual dividend yield of 12.0%

CWH an Office REIT with a diverse portfolio of office and commercial properties

CWH we rank 2 BUY

CWH market cap \$1.5 billion

REIT Comment



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Company:	Corporate Office Properties Trust
Price:	\$22
Recommendation:	SELL
Ranking:	4
Market Cap:	\$1,678
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/23/2011  
OFC \$22

Corporate Office Properties Trust OFC announced plans to accelerate strategic divestiture of suburban office properties

OFC to divest additional \$312 million assets before 2015, for total planned divestitures of \$572 million

OFC total strategic divestitures to date \$77 million

OFC to recognize additional non-cash impairment charge of (\$77) million, (\$1.03) per share, for 4Q 2011, offset by estimated tax savings of \$0.06 per share

OFC decision not to issue 10 year debt will cause unusual loss for 4Q 2011 of (\$0.38) per share relating to discontinued interest rate hedges

OFC previous guidance 4Q 2011 core FFO \$0.54-\$0.57 v \$0.69 (adjusted) DOWN (17%)-(22%)

OFC previous guidance 2011 FFO 2011 FFO \$2.20-\$2.40 v \$2.30 FLAT

OFC reported FFO decline of (10%) for 3Q 2011

OFC has highest exposure of any publicly traded REIT to defense and intelligence agencies already at more than 60% of total rental revenues, to increase to more than 70% as a result of pending strategic divestiture of suburban office properties

OFC stock price supported by current annual dividend yield of 7.4%

OFC an Office REIT with a portfolio of office properties concentrated in metropolitan DC area

OFC we rank 4 SELL

OFC market cap \$1.7 billion

REIT Comment



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Company:	Prologis Inc
Price:	\$28
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,404
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
PLD \$28

Prologis Inc PLD completed \$1 billion capital transactions on behalf of Prologis property funds during 4Q 2011

PLD transactions include \$196 million secured financings for Prologis European Properties Fund II, \$337 million secured financing for properties in Mexico, \$118 million bond financing for Prologis Japan Fund 1, \$200 million line of credit for Prologis China Logistics Venture 1, and \$200 million unsecured line of credit for Prologis Targeted US Logistics Fund

PLD sale of 6 industrial properties in Tampa to EastGroup Properties raised \$55 million

PLD reported Core FFO for 3Q 2011 at the high end of expectations and increased guidance for Core FFO for 2011 by 5%

PLD management working to achieve \$90 million in cost synergies on completion of merger of AMB Property AMB with ProLogis Trust PLD, effective July, 2011

PLD the largest publicly traded Industrial REIT, following July 2011 merger

PLD an Industrial REIT with a portfolio of distribution facilities in US, Europe and Asia

PLD we rank 2 BUY

PLD market cap \$13.4 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	EastGroup Properties
Price:	\$43
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,169
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
EGP \$43

EastGroup Properties EGP acquisition of industrial properties in Tampa expands portfolio holdings in FL

EGP acquired 16 buildings with 1.1 million square feet of space in Tampa from Prologis PLD for \$55 million

EGP expects to retain 1.1 million square feet in 10 buildings following divestiture of 6 non-core buildings

EGP acquired properties now 92% leased

EGP now owns 3.9 million square feet of space in Tampa, significant part of total 9.0 million square feet owned in FL

EGP reported FFO growth of UP +7% for 3Q 2011, while increasing guidance for FFO for 2011 to indicate growth of UP +4%

EGP stock price supported by current annual dividend yield of 4.8%

EGP an Industrial REIT

EGP we rank 3 HOLD

EGP market cap \$1.2 billion

REIT Comment



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Company:	Senior Housing Properties Trust
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,407
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
SNH \$22

Senior Housing Properties Trust SNH House passage of 2 month extension of payroll tax bill on voice vote delays Medicare reimbursement reduction for physician tenants of medical office buildings

SNH planned Medicare outpatient reimbursement reductions for physicians will still be an issue during 2012 if no new blocking legislation is passed

SNH additional news pending with Supreme Court review of Obama Health plan with arguments on mandatory health insurance coverage to be heard in April 2012, for Supreme Court decision by July, 2012

SNH investor concern over exposure to skilled nursing tenants where Medicare reimbursement changes to impact SNH rental coverage ratios

SNH reported FFO growth of UP +2% for 3Q 2011

SNH stock price supported by current annual dividend yield of 6.8%

SNH a Health Care REIT with a diverse portfolio of health care properties

SNH we rank 2 BUY

SNH market cap \$3.4 billion

REIT Comment



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Company:	Healthcare Realty Trust
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,417
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
HR \$18

Healthcare Realty Trust HR House passage of 2 month extension of payroll tax bill on voice vote delays Medicare reimbursement reduction for physician tenants of medical office buildings

HR planned Medicare outpatient reimbursement reductions for physicians will still be an issue during 2012 if no new blocking legislation is passed

HR doctors in sole practice facing sharp revenue reduction may be forced to join medical groups

HR additional news pending with Supreme Court review of Obama Health plan with arguments on mandatory health insurance coverage to be heard in April 2012, for Supreme Court decision by July, 2012

HR reported 3% FFO growth for 3Q 2011, with no guidance provided for FFO for 2011

HR stock price supported by current annual dividend yield of 6.5%

HR a Health Care REIT with a portfolio concentrated in medical office properties

HR we rank 2 BUY

HR market cap \$1.4 billion

REIT Comment



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Company:	CubeSmart
Price:	\$10
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,048
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
CUBE \$10

CubeSmart CUBE increased quarterly dividend distribution by 14% to \$0.08 per share for 1Q 2012

CUBE new annual dividend \$0.32 per share

CUBE new yield 3.02%

CUBE previously known as U-Store-It Trust [Ticker: YSI], now trading under new ticker symbol [Ticker: CUBE] on NYSE

CUBE a Specialty REIT with a portfolio of self-storage properties

CUBE we rank 2 BUY

CUBE market cap \$1.0 billion

REIT Comment



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Company:	American Campus Communities
Price:	\$42
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,993
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
ACC \$42

American Campus Communities ACC traded UP \$0.45 per share to close UP +1% day

ACC stock traded UP +32% year to date for 2011, outperforming Specialty REITs, UP +4%

ACC portfolio expansion drives higher profits

ACC completing 11 new developments under construction for total investment of \$385 million

ACC reported FFOM was FLAT for 3Q 2011, while guidance for FFOM for 2011 indicates growth of as much as UP +11%

ACC a Specialty REIT with a portfolio of student housing communities

ACC we rank 3 HOLD

ACC market cap \$3.0 billion

REIT Comment



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Company:	Plum Creek Timber
Price:	\$37
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,985
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
PCL \$37

Plum Creek Timber PCL traded UP \$0.39 per share to close UP +1% day

PCL stock traded DOWN (1%) year to date for 2011, underperforming Specialty REITs, UP +4%

PCL today's news of higher new home sales may indicate too much pessimism surrounds US housing sector

PCL Specialty REITs with portfolios of timberlands and sawlog mills would benefit from improving outlook for US homebuilding, through higher demand and prices for lumber

PCL stock price supported by current annual dividend yield of 4.6%, as well as by management commitment to repurchase stock

PCL a Specialty REIT with a portfolio of timberlands and sawlog mills

PCL we rank 2 BUY

PCL market cap \$6.0 billion

PCL an S&P 500 Index REIT

REIT Comment



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Company:	DCT Industrial Trust
Price:	\$5
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,410
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
DCT \$5

DCT Industrial Trust DCT traded UP \$0.05 per share to close UP +1% day

DCT stock traded DOWN (3%) year to date for 2011, outperforming Industrial REITs, DOWN (7%)

DCT better than expected early sales for Holiday2011 a positive signal for Industrial REITs, although lower electronics shipment during 1Q 2012 may offset growth in other sectors

DCT expecting higher demand for distribution space to cause improved profitability

DCT reported FFO growth of UP +11% for 3Q 2011, and increased guidance for FFO for 2011 to indicate potential for a FLAT year

DCT expects to see FFO growth of as much as UP+5% for 2012

DCT stock price supported by current annual dividend yield of 5.4%

DCT an Industrial REIT

DCT we rank 2 BUY

DCT market cap \$1.4 billion

REIT Comment



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Company:	HCP Inc.
Price:	\$41
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,073
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/23/2011  
HCP \$41

HCP Inc HCP traded UP \$0.41 per share to close UP +1% day

HCP stock traded UP +12% year to date for 2011, outperforming Health Care REITs, DOWN (6%)

HCP news of delay for lower Medicare physician reimbursement rates due to 2 month extension of payroll tax protects Health Care REITs with portfolios of medical office buildings

HCP 2012 to be a busy year for health care with Supreme Court review of Obama Health plan, to hear arguments on mandatory health insurance coverage in April 2012, for Supreme Court decision by July, 2012

HCP reported FFO growth for 3Q 2011 UP +24%, while increasing guidance for FFO for 2011 to increase as much as UP +22%

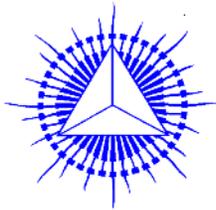
HCP stock price supported by current annual dividend rate of 4.7%

HCP a Health Care REIT with a diverse portfolio of health care and life science properties

HCP we rank 2 BUY

HCP market cap \$17.1 billion

HCP an S&P 500 Index REIT



**REIT Growth and Income Monitor** posted 50 REIT comments for the week ended December 23, 2011. Comments were issued on REITs in the following sectors:

Financial REITs	5
Health Care REITs	6
Hotel REITs	3
Industrial REITs	4
Office REITs	13
Residential REITs	8
Retail REITs	4
Specialty REITs	7

Information on REIT sectors may be found using this link:

[http://www.reitmonitor.net/REIT\\_Resources](http://www.reitmonitor.net/REIT_Resources)

Information on **REIT Growth and Income Monitor** ranking methodology may be found using this link:

[http://www.reitmonitor.net/atlantis/reitwebrpt.nsf/All/F2B543B28817460985256EB80001D03A/\\$FILE/REIT%20Methodology%20and%20Ranking%20System.pdf](http://www.reitmonitor.net/atlantis/reitwebrpt.nsf/All/F2B543B28817460985256EB80001D03A/$FILE/REIT%20Methodology%20and%20Ranking%20System.pdf)

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